

**FRIENDS OF THE HAVEN**

**FINANCIAL STATEMENTS**

DECEMBER 31, 2018

**FRIENDS OF THE HAVEN**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Friends of the Haven  
Denver, Colorado

We have audited the accompanying financial statements of Friends of the Haven (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Haven as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*McNurlin, Hitchcock & Associates, P.C.*

McNurlin, Hitchcock & Associates, P.C.  
Lakewood, Colorado  
March 26, 2019

**FRIENDS OF THE HAVEN**  
Statement of Financial Position  
December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 65,925	\$ 87,806	\$ 153,731
Accounts receivable	27,170	-	27,170
Total Current Assets	93,095	87,806	180,901
Other Assets			
Beneficial interest in assets held by others	-	68,015	68,015
<b>TOTAL ASSETS</b>	<b>\$ 93,095</b>	<b>\$ 155,821</b>	<b>\$ 248,916</b>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ 22,214	\$ -	\$ 22,214
Total Current Liabilities	22,214	-	22,214
Net Assets			
Without donor restrictions	70,881	-	70,881
With donor restrictions	-	155,821	155,821
Total Net Assets	70,881	155,821	226,702
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 93,095</b>	<b>\$ 155,821</b>	<b>\$ 248,916</b>

See accompanying notes to the financial statements and independent auditor's report.

**FRIENDS OF THE HAVEN**

## Statement of Activities

December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Direct public grants	\$ 5,000	\$ 118,500	\$ 123,500
Donated professional fees	19,350	-	19,350
Individual business contributions	171,134	3,000	174,134
Child care credit contributions	-	9,555	9,555
United Way contributions	60,000	-	60,000
Special event income	24,745	-	24,745
Less direct expenses	(36,148)	-	(36,148)
Investment income (loss)	-	(3,600)	(3,600)
Net assets released from restrictions	161,462	(161,462)	-
Total revenue and support	405,543	(34,007)	371,536
EXPENSES			
Program services	275,379	-	275,379
Support services			
Management and general	72,301	-	72,301
Fundraising	81,752	-	81,752
Total expenses	429,432	-	429,432
CHANGE IN NET ASSETS	(23,889)	(34,007)	(57,896)
NET ASSETS, Beginning of the year	94,770	189,828	284,598
NET ASSETS, End of the year	\$ 70,881	\$ 155,821	\$ 226,702

See accompanying notes to the financial statements and independent auditors' report.

**FRIENDS OF THE HAVEN**  
Statement of Functional Expenses  
December 31, 2018

	Program Services	Management and General	Fundraising	Total
University of Colorado Foundation	\$ 198,027	\$ -	\$ -	\$ 198,027
The Haven Program Support	48,588	-	-	48,588
Accounting fees	-	6,000	-	6,000
Donated professional fees	-	19,350	-	19,350
Postage, mailing service	-	24	85	109
Promotional materials	-	-	7,243	7,243
Supplies	655	3,678	705	5,038
Telephone, telecommunications	-	1,232	-	1,232
Payment service fees	-	584	1,503	2,087
Office space rent	-	1,464	-	1,464
Salaries	20,114	20,114	60,340	100,568
Payroll taxes, benefits, fees	1,883	1,883	5,650	9,416
Outside contract services	1,203	8,023	4,145	13,371
Miscellaneous	4,161	8,620	2,081	14,862
Insurance	-	1,329	-	1,329
Endowment administration	748	-	-	748
Total expenses	<u>\$ 275,379</u>	<u>\$ 72,301</u>	<u>\$ 81,752</u>	<u>\$ 429,432</u>

See accompanying notes to the financial statements and independent auditors' report.

**FRIENDS OF THE HAVEN**

Statement of Cash Flows

December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Change in net assets	\$ (23,889)	\$ (34,007)	\$ (57,896)
Adjustments to reconcile change in net assets to cash used by operating activities			
Change in:			
Accounts receivable	(808)	20,572	19,764
Beneficial interest in assets held by others	-	7,051	7,051
Accounts payable	5,750	(2,400)	3,350
NET CASH USED BY OPERATING ACTIVITIES	(18,947)	(8,784)	(27,731)
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,947)	(8,784)	(27,731)
 CASH AND CASH EQUIVALENTS, Beginning of year	84,872	96,590	181,462
 CASH AND CASH EQUIVALENTS, End of year	\$ 65,925	\$ 87,806	\$ 153,731
 <b>SUPPLEMENTAL INFORMATION</b>			
Cash paid for interest			\$ -
Cash paid for income taxes			\$ -

See accompanying notes to the financial statements and independent auditors' report.

**FRIENDS OF THE HAVEN**  
Notes to the Financial Statements  
December 31, 2018

NOTE 1 NATURE OF THE ORGANIZATION

Friends of the Haven (the Organization) is a 501(c)(3) non-profit organization formed in 2006 for the primary purposes of providing financial and volunteer support to further the activities of The Haven and The Baby Haven whose charter is to provide a safe, empowering and enriching environment for women and their infants and small children. The Haven and the Baby Haven's goal is to be where women can recover from addictions and co-occurring illnesses; deliver healthy, drug free infants; improve parenting skills; and receive quality early educational services for their children: maintain and build upon cultural and family connections as sources of social support: and become self-sufficient, confident, and productive members of the community. The Organization is primarily funded by foundation grants and individual contributions.

NOTE 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated subsequent events and transactions for potential required recognition or disclosure through the date on the audit report.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and determined to be realizable; contributions are reported when cash, other assets, or an unconditional promise to give is received; and expenses are recognized when the product or service has been received and the liability incurred.

Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update No. 2016-14 (ASU 2016-14), Presentation of Financial Statements of Not-for-Profit Entities. This updated guidance changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This guidance includes qualitative and quantitative requirements in the following areas: 1) net asset classes, 2) investment returns, 3) expenses, 4) liquidity and availability of resources, and 5) presentation of operating cash flows. This standard is effective for annual reporting periods beginning after December 15, 2017.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See accompanying independent auditors' report.



**FRIENDS OF THE HAVEN**  
Notes to the Financial Statements  
December 31, 2018

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The accompanying financial statements present the financial activity of the Organization. The Organization follows the recommendation of the Financial Accounting Standards Board (FASB) standards of accounting and financial reporting for not-for-profit organizations. Under Accounting Standards Codification 958 (ASC 958) Not-for-Profit Entities, the Organization is required to report information regarding its net assets, and revenues, expenses, gains, and losses based upon the existence and/or nature of any donor-imposed restrictions. Accordingly, the Organization reports net assets and activities using the following two classes of net assets:

Net Assets without Donor Restrictions – Resources over which the donor has no restriction for how the contribution is used.

Net Assets with Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or the passage of time.

The Organization had net assets without donor restrictions and net assets with donor restrictions during the year ended December 31, 2018.

Support and Revenue Recognition

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported net assets with donor restriction and increase those classes of net assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Contributed Services

Donated services are recognized as contributions in accordance with accounting standards at their estimated fair value if the services (a) create or enhance the Organization's non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

While the Organization does have full and part-time employees that perform the day-to-day operations, the Organization relies on the assistance of volunteers as well. It is estimated that the Organization received the benefit of approximately 3,152 volunteer hours from their Board of Directors and various other volunteers including gala, classroom and administrative volunteers.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable primarily consists of amounts due from recurring donors supportive of the organization's mission. Based on high historical collection rates, management believes the receivables are fully collectible, and thus has not provided an allowance for doubtful accounts.

See accompanying independent auditors' report.

**FRIENDS OF THE HAVEN**  
Notes to the Financial Statements  
December 31, 2018

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment, net

The Organization generally follows the practice of capitalizing expenditures for furniture and equipment in excess of \$500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The Organization did not have depreciation expense for the year ended December 31, 2018.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated by the indirect method based on management's estimates.

Beneficial Interest in Assets Held by Others

The Organization has a beneficial interest in assets held by others in the form of an endowment fund at Community First Foundation with the hope of a reasonably stable, consistent, and predictable cash flow to fund the costs for educational and scholarship support for the graduates or current residents of The Haven or The Baby Haven program.

Fair Value Measurements

The Organization is subject to the provisions of the Fair Value Measurements and Disclosures accounting standard. This standard requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

NOTE 4 INCOME TAXES

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under regulations in the State of Colorado. Therefore, Friends of the Haven is not subject to federal or state income taxes in connection with its exempt activities. In addition, Friends of the Haven is treated as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income for the year ended December 31, 2018.

The standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Friends of the Haven may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Friends of the Haven and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2018. As of December 31, 2018, Friends of the Haven's tax returns for 2015, 2016, and 2017 are subject to examination by taxing authorities.

See accompanying independent auditors' report.

**FRIENDS OF THE HAVEN**  
Notes to the Financial Statements  
December 31, 2018

NOTE 5 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction at December 31, 2018 are to be used for the following purposes:

Description	Amount
Cullinary Balance	\$ 2,800
Zonta Club - Exercise	1,705
Daniels Recovery Support Network	2,981
Playground	60,800
Rose Grant	10,000
Childcare Credit Donations	100
Education Endowment Distributions balance	9,420
Beneficial interest in assets held by others	68,015
Total	<u>\$ 155,821</u>

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

Description	Amount
Client exercise program	7,225
Recovery support network	29,162
Additional Staff and Training for Baby Haven	24,000
Treatment Scholarships	33,822
Playground improvement	18,000
Other program services	44,605
Engaging priority populations	4,000
Endowment transfer (net)	2,702
Total	<u>\$ 163,516</u>

NOTE 6 SUPPORT PROVIDED FOR THE BENEFIT OF THE BABY HAVEN

For the year ended December 31, 2018, total expenditures in direct support of The Baby Haven amounted to \$94,205 from individuals and foundations and \$60,000 from the Mile High United Way Agency Impact Grant.

NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS – PERMANENTLY RESTRICTED NET ASSETS

In 2014, the Organization established an endowment fund (the Fund) with the Community First Foundation (the Foundation) to provide educational scholarships for addicted women who have successfully completed a residential addiction treatment program and desire to give back to the recovery community. Under the terms of the endowment, no distribution shall be made from the Fund until the net fair market value of the Fund equals or exceeds \$25,000; after which, the Foundation shall pay up to 4% of the fair market value of the Fund, less administrative fees, at least annually to the Organization, unless the Organization declines the distribution.

See accompanying independent auditors' report.

**FRIENDS OF THE HAVEN**  
Notes to the Financial Statements  
December 31, 2018

NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Changes in the beneficial interest in assets held by others (Level 3 inputs) as of December 31, 2018 are as follows:

Description	Amount
Balance, beginning of year	\$ 75,066
Interest and dividend income	1,627
Net appreciation (depreciation)	(5,227)
Management fees	(748)
Net investment return	(4,348)
Distributions	(2,703)
Balance, end of year	\$ 68,015

NOTE 8 DONATED PROFESSIONAL FEES

For the year ended December 31, 2018, donated professional fees consisted of accounting services for a value of \$19,350.

See accompanying independent auditors' report.